

31 January 2013

ASX Limited
Company Announcements
Level 4, 20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

RE: LODGEMENT OF THE QUARTERLY ACTIVITIES REPORT

Please find attached the Quarterly Activities Report for period ending 31 December 2012 for Sun Resources NL.

Yours faithfully
SUN RESOURCES NL



Matthew Battrick
MANAGING DIRECTOR

Information contained in this report was sourced from the Operator of the Joint Venture in which the Company has an interest and was compiled by the Managing Director of Sun Resources, Matthew Battrick, BSc (Geol), MPESA, MPESGB, MAAPG, GAICD who has 30 years experience in the practice of geology and more than 25 years experience in petroleum geology.

QUARTERLY ACTIVITIES REPORT

FOR THE PERIOD ENDING 31 DECEMBER 2012

HIGHLIGHTS

Richland Oil Project (Sun: 13.54-16.67%WI)

- During the Quarter, Sun and its joint venture partners successfully drilled, fraced and completed its first three horizontal Woodbine wells, two targeting the Upper Woodbine, being the Beeler #1H and John Beeler #1H, and one targeting the Middle Woodbine zone, being Ellis #1H.
- Sun and its JV partners also successfully drilled a fourth well, John Beeler #2, which was drilled, fraced and completed as a vertical well to test all of the stacked targets in the prospective section (the Sub-Clarksville, Eagle Ford, Upper, Middle & Lower Woodbine and Buda formations).
- All three horizontal Woodbine wells have now recovered a mixture of oil, gas and frac water at the time of this report, with John Beeler #1H producing as much as 178 barrels of oil per day (bopd) in one 24 hour period. All wells continue to be cleaned-up, and flow rates will be reported once production has stabilized.

Amerril Oil Project (Sun: 50%WI)

- Sun Resources NL (Sun) and its joint venture partner and Operator, Amerril Energy LLC (Amerril) commenced a three well drilling program in the "SW Leona Area" of the Amerril Oil Project.
- The wells include one vertical well; Seale #1, and two horizontal wells; T. Keeling #1H and Seale #1H, all targeting the Woodbine Formation. Two wells have been drilled, the vertical well Seale #1 and the horizontal well T. Keeling, with Seale # 1H currently being drilled.
- The Seale #1 vertical well reached a final total measured depth (MD) of 9,938 feet in the Glen Rose Formation and a complete set of wireline logs identified potential hydrocarbon pay in five (5) stacked formations: Sub-Clarksville; the Upper, Middle and Lower Woodbine, and the Glen Rose Formation. The Seale #1 vertical well will now be cased for future fracing and 'multi-zone' production.
- Subsequent to the end of the Quarter, the T. Keeling #1H horizontal well was drilled and cased to a depth of 14,400 feet MD, delivering almost 6,400 feet of lateral in the lower section of the Middle Woodbine Formation, at a true vertical depth (TVD) of approximately 7,660 feet.
- Excellent oil and gas shows were observed while drilling along the length of the lateral in the T. Keeling #1H horizontal well and these strong oil shows were supported by the recent results of 'thru-bit' logging of the lateral by the Operator, Amerril, after drilling was completed.
- Subsequent to the end of the Quarter, the Seale #1H horizontal well was spudded on 19 January 2013 and was operating below 7,600 feet, measured depth (MD) at the time of this report.
- The Seale #1H lateral is targeting the Lower Woodbine Formation ("Dexter sands") at a TVD of approximately 7,827 feet where very strong oil shows were recorded in the Seale #1 vertical well. The Seale #1H well is now being targeted as the first well to be fraced in this Amerril Oil Project, given the quality of the oil shows in this section of the Woodbine Formation.

Delta Oil Project (Sun: 100%WI)

- Sun purchased a further tranche of oil & gas mineral leases within the Woodbine Tight Oil Play in Leon County, Texas, expanding its holding beyond 10,636 net acres to 11,820 net acres at a 100% Working Interest (WI).

Normangee Oil Project (Sun: 50%WI)

- During the Quarter Sun announced that it had entered into a binding Sale and Purchase Agreement to acquire a 50% WI in a package of 3,652 gross acres (1,826 net acres to Sun) prospective for the Woodbine Tight Oil Play, named the Normangee Oil Project. The balancing 50% WI in the Normangee Oil Project was purchased by Amerril, Sun's major shareholder, and partner in the Richland and Amerril Oil Projects
- Sun's 50% share of the acquisition cost was approximately US\$3.3 million, which was funded from existing cash reserves.
- Sun's footprint in the Woodbine Tight Oil Play has increased to 20,020 net acres (29,084 gross acres) across four project areas; Delta, Amerril, Richland and Normangee.

1. UNITED STATES OF AMERICA

1.1. OIL AND GAS EXPLORATION:

During the Quarter, Sun delivered on its stated objective of growing its acreage position above and beyond the original target of 10,000 net acres in the Delta Oil Project. Sun also delivered on its commitment to drill and complete multiple horizontal wells in the Woodbine Tight Oil Play. At the time of this report, four horizontal wells had been drilled and completed, with the fifth drilling ahead. In addition, two vertical wells were successfully drilled and completed.

The first three horizontal wells: Beeler #1H, John Beeler #1H and Ellis #1H have all produced oil to surface from multi-stage fracking of the laterals, confirming the oil potential and the stacked pay potential in the Woodbine formation. Also, the high quality oil and gas shows seen in the Seale and T. Keeling wells are cause for optimism that there may be further oil potential in the Lower Woodbine also.

During the Quarter, Sun Resources continued to expand its footprint in the Woodbine Tight Oil Play in Leon County and surrounding counties in Texas, targeting a gross acreage position of at least 35,000 acres. Significant progress has been made in this regard. At the time of this quarterly report, Sun's footprint in the Woodbine Tight Oil Play is 20,020 net acres (29,084 gross acres), refer Figure 1 below.

Acquisitions completed during the December Quarter included:

- a 100% working interest in an additional 1,184 gross acres in the Delta Oil Project;
- a 50% working interest in 3,652 gross acres in the Normangee Oil Project.

Further details in relation to the above noted acquisitions, plus operational updates on the "proof-of-concept" drilling and fracking processes from the Richland and Amerril Oil Projects are provided below:

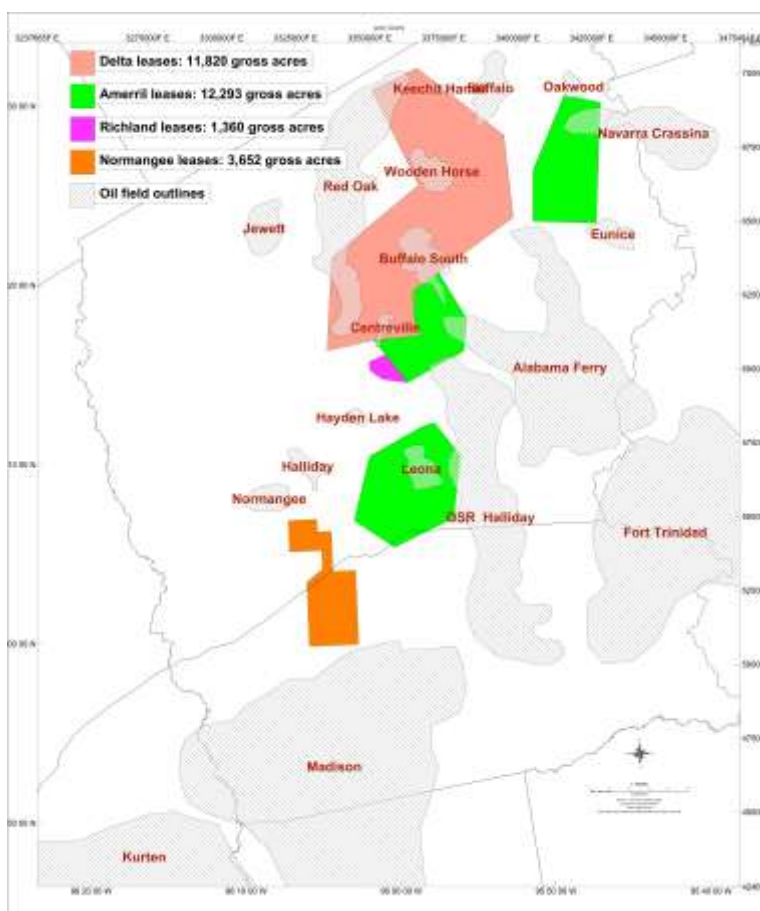


Figure 1: Woodbine Oil Project Location Map

Richland Project Onshore, East Texas (Sun Resources –13.54 – 16.67% WI)

The operator of the Richland Oil Project completed the drilling and fracking of three horizontal wells and one vertical well during the Quarter and flow back operations on all four wells were continuing at the time of this report:

Beeler #1H (renamed CW Brown) – Horizontal Woodbine Well

A 16 stage fracking operation was successfully completed on the 6,100ft horizontal bore in the Upper Woodbine (A) Formation. Clean-up and flow back commenced with a mixture of oil, gas and fracking fluids being recovered during the Quarter. On 24 January, it was announced that clean-up and flow back operations at the Beeler #1H horizontal oil well had been suspended due to paraffin build up in the well. Frac fluid recovery was around 10% at the time. Clean-up and flow back will recommence once the paraffin build-up had been cleared and a rod pump installed. An initial production (IP) oil flow rate will be provided when oil production has stabilised.

John Beeler #1H – Horizontal Woodbine Well

A 31 stage fracking operation was completed on the 7,300 feet of horizontal well bore in the target Upper Woodbine (A) Formation at the John Beeler #1H well. Clean-up and flow back commenced with a mixture of oil, gas and fracking fluids being recovered during the Quarter. Operations were suspended during the fracking operations at the Ellis #1H well and clean-up and flow back operations recommenced after completion of the 19-stage hydraulic frac at Ellis #1H. Approximately 25% of total frac fluids have been recovered to date and a mixture of oil, gas, frac water and fracking fluids is flowing to surface as clean-up and flow back progresses. Gas lift equipment has been installed with gas lift now supporting the recovery of fracking fluids. The latest reported 24-hour flow period (pre gas lift) had delivered 880 barrels of fracking fluid with a 20% oil-cut. An initial production (IP) oil flow rate will be provided when oil production has stabilised.

Ellis #1H – Horizontal Woodbine Well

Ellis #1H has been drilled and completed with a successful 19-stage fracing operation on the 7,000 foot, Middle Woodbine (B) section conducted subsequent to the end of the quarter. The John Beeler #1H and John Beeler #2 wells were shut during the Ellis #1H frac job in order to avoid any risk of communication between fractures. At the time of this report a mixture of oil and frac water was flowing at rates of approximately 1,000 barrels per day with 25% oil cut and less than 20% frac fluid recovered. An initial production (IP) oil flow rate will be provided when oil production has stabilised.

John Beeler #2 – Vertical Fraced, Multi-zone Well

John Beeler #2 spudded on 20 October and was drilled to a total vertical depth of 7,200 feet (MD) before being logged and cased ready for fracing and completion during the quarter. The John Beeler #2 vertical well has subsequently been successfully fraced over the six planned stages covering the Sub-Clarksville, Upper, Middle and Lower Woodbine, Lower Eagle Ford Shale and the Buda Formations.

Clean-up and flow back operations on the John Beeler #2 vertical well continue beyond the end of the Quarter. No reservoir fluids were recovered from the Sub-Clarksville zone and formation damage is suspected. The Upper, Middle and Lower Woodbine, plus the Lower Eagle Ford Shale zones were now flowing back with approximately 14% of frac fluids recovered to date. An initial production (IP) oil flow rate will be provided when oil production has stabilised.

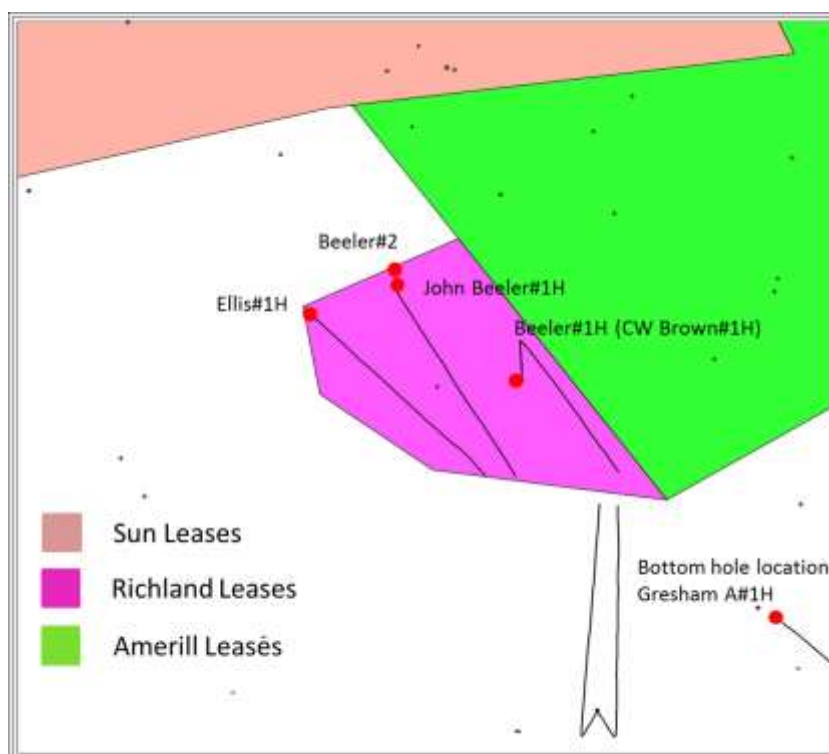


Figure 2: Horizontal Well locations Richland Oil Project

Amerill Oil Project, Onshore, East Texas (Sun Resources - 50% WI)

On 4 November the operator, Amerill Energy LLC, commenced a multi-well drilling program in the "SW Leona" area of the Amerill Oil Project leases. The **Seale #1** vertical well was the first well to be drilled, logged and sampled as a 'pilot hole', then cased for a later vertical fracing and completion program; targeting the Sub-Clarksville and Woodbine sequences, as well as the deeper Buda-Georgetown Formation, above a planned total depth (TD) of 8,175 feet MD. On 22 November, the Seale #1 vertical well had reached a [deeper] final TD measured depth (MD) of 9,938 feet in the Glen Rose Formation and a complete set of wireline logs was run.

The logs identified potential hydrocarbon pay in five (5) stacked formations: Sub-Clarksville; the Upper, Middle and Lower Woodbine, and the Glen Rose Formation. The Seale #1 vertical well was cased for future fracking and 'multi-zone' production planned to occur in the first half of 2013.

The **T. Keeling #1H**, was drilled immediately after the Seale #1 vertical pilot hole to target up to 7,500 feet of horizontal well section in the lower portion of the Middle Woodbine Formation. The lateral well was drilled in a northerly trajectory to maximise the length of the lateral while remaining within the boundaries of the lease. Subsequent to the end of the Quarter, on 24 January, Sun announced the T. Keeling #1H horizontal well had been drilled and cased to a depth of 14,400 feet, delivering almost 6,400 feet of lateral in the lower section of the Middle Woodbine Formation, at a true vertical depth (TVD) of approximately 7,660 feet. Excellent oil and gas shows were observed while drilling along the length of the lateral and these strong oil shows were supported by 'thru-bit' logging of the lateral by the Operator, Amerril, after drilling was completed.

The rig was then 'skidded' a few meters to permit spudding of the **Seale #1H** horizontal well location on 19 January. This is the third well in the proposed multi-well drilling campaign, with Seale #1H targeting up to 6,000 feet of horizontal well section (lateral) in the Lower Woodbine Formation. The lateral well is being drilled in a southerly trajectory to maximise the length of the lateral while remaining within the boundaries of the lease and was operating below 7,600 feet at the time of this report. The Seale #1H well is now being targeted as the first well to be fraced in the Amerril Oil Project area, given the quality of the oil shows in this section of the Woodbine Formation.

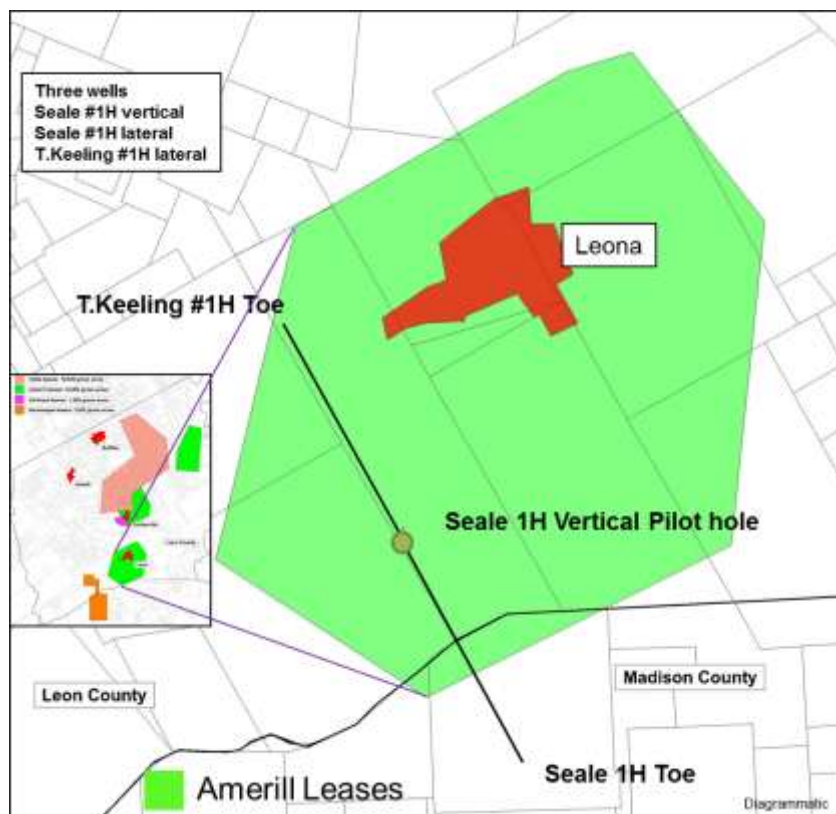


Figure 2: Well locations Amerill Oil Project

Delta Oil Project, Onshore, East Texas (Sun Resources – 100% WI)

On 24 December 2012, Sun announced it had purchased a further tranche of leases in the Woodbine Tight Oil Play expanding its Delta Oil Project from 10,636 to 11,820 acres. Sun is continuing to leverage off the land group skills available to Carina Energy LLC, the vendor of these additional Woodbine acres, in building its lease position.

Normangee Oil Project, Onshore, East Texas (Sun Resources 50% WI)

On 22 October, Sun Resources announced that, pursuant to a binding Sale and Purchase Agreement with an unrelated third party vendor, it had purchased a 50% working interest in a 3,652 gross acre package of oil and gas leases located on the Leon County-Madison County border, Texas, USA (Normangee Oil Project). The balancing 50% WI in the Normangee Oil Project was purchased by Amerril. Sun's 50% share of the acquisition cost was approximately US\$3.3 million, which was met from existing cash reserves.

The Normangee Oil Project extends Sun's footprint in the Woodbine Tight Oil Play along the strike of the fairway which extends from Leon County west and south into Madison and Grimes Counties (see Figure 1 above). The Normangee Oil Project is on trend to the southwest of Sun's existing Delta, Amerril and Richland Oil Projects, providing additional scale to the lease position in the highly prospective Woodbine Tight Oil Play that Sun commenced building approximately 18 months ago. There is existing oil production in both vertical and horizontal wells drilled into the Sub-Clarksville and Woodbine formations, immediately to the east of the Normangee Oil Project.

The original Woodbine Tight Oil Play discovery field, the Kurten Field, is only 10 miles (15km) to the southwest. There is evidence of oil shows in historical vertical wells located within the boundaries of the acreage that constitutes the Normangee Oil Project within the Sub-Clarksville, Woodbine and Buda Formations, again delivering the potential for stacked pay zones.

Margarita & Redback Projects, Onshore, South Texas (Sun Resources 20-37.5% WI)

Sun Resources has a 37.5% WI position in a 400 acre lease covering the TBF 1.46 oil exploration prospect that has the potential for 500,000 barrels of prospective oil resources in the Lower Frio Formation. The exploration well for this prospect will likely be the subject of future farm-out marketing. Sun also has an AMI with Wandoo Energy LLC and Strata-X covering a number of conventional oil and gas prospects that would be the subject of potential future leasing and farm-out.

1.2. OIL AND GAS PRODUCTION

The table below summarises Sun Resources' actual net working interest ("WI%") production for the December 2012 Quarter and compares it with the previous Quarter, with gas and oil production being derived from the Flour Bluff gas plant in Corpus Christie in South Texas and oil production from the Richland Project in Leon County, East Texas. USA gas prices improved slightly from the September Quarter average of approximately \$2.90 to an average of around \$3.10 per 1,000 cubic feet of gas (mcf) and oil prices hovering around US\$90 per barrel for West Texas Intermediate (WTI).

PRODUCTION (Sun WI% share)	Dec. 2012 Quarter	Sept 2012 Quarter
Gas (mmscfg)	8.6	10
Oil (bo)	426	181

Units: mmscfg – million cubic feet gas; bo – barrels of oil

2. THAILAND: L20/50 Block, Onshore Phitsanulok Basin (Sun Resources – 45% WI)

On 29 October 2012 it was announced that Carnarvon Petroleum Ltd (Carnarvon) and Sun had farmed out 100% of the L20/50 Concession to Siam Moeco Limited (SML). As a result Carnarvon and Sun would have no further exploration or development commitments in relation to this Concession. SML would pay Carnarvon and Sun US\$8.5 million upon the commencement of commercial production (Sun's share being 45%). SML would also pay Carnarvon and Sun a 2.0% royalty capped to US\$10 million (Sun's share being 45%).

3. MALTA: ESA Area 4, Block 3 and ESA Area 5, Offshore Malta (Sun Resources - 20% WI)

There was no activity during the December 2012 Quarter. The Operator is considering its options in relation to an arbitration hearing and/or further negotiations with the government of Malta.

4. AUSTRALIA: WA-47-R, Offshore Carnarvon Basin, W.A. (Sun Resources - 9.25% WI)

On 30 October it was announced that, pursuant to a binding Sale and Purchase Agreement with Hydra Energy (WA) Pty Ltd, pursuant to which Sun has agreed to sell its 9.25%WI in the WA-47-R Retention License. The agreement and sale is now subject only to regulatory approvals. The WA-47-R block contains the small, undeveloped Sage field which was not considered a strategic fit with Sun's focus on high potential exploration and production in the Woodbine Tight Oil Play of Leon County, Texas.

5. NEW PROJECT DEVELOPMENT: NW Europe

As previously reported, Sun has executed a non-binding term sheet with an as yet undisclosed party (due to commercial sensitivities) for Sun to participate in the drilling of a high impact well onshore North-West Europe, which is planned to test a 720 bcf conventional gas exploration target. Full details of the terms are available in the announcement of the farm-in, announced on 10 November 2010. Negotiations by the Operator were continuing at the end of the Quarter with local government on the approval process for the well. Further details relating to this farm-in will be announced to the market following the receipt of necessary local government approvals and the execution of a definitive Farm-in Agreement.

6. CORPORATE

Sun held cash of A\$8.3 million at the end of the December 2012 Quarter.

BY ORDER OF THE BOARD



**Matthew Battrick
MANAGING DIRECTOR**

This report is lodged on the Company's website, www.sunres.com.au.

Information contained in this report was sourced from the Operators of various Joint Ventures in which the Company has interests and was compiled by the Managing Director of Sun Resources, Matthew Battrick, BSc (Geol), MPESA, MPESGB, MAAPG, GAICD who has had more than 30 years' experience in the practice of geology and 30 years' experience in petroleum geology.